



FHA TO REDUCE ANNUAL INSURANCE PREMIUMS

Frequently Asked Questions

1. When will the FHA's new annual premium rates take effect?

The reduction is effective as of January 26, 2015. Borrowers with case numbers assigned on and after January 26, 2015 will be eligible for the reduction in annual MIP.

2. What steps do I need to take to take advantage of these new lower premiums?

Contact an FHA-approved lender for information regarding FHA's new annual mortgage insurance premiums.

3. What will the impact of FHA's new premiums be on my monthly mortgage costs?

Future borrowers who qualify for FHA's new reduced annual premiums will enjoy the benefits of a more affordable FHA loan with lower costs. HUD estimates these lower premiums will save more than two million FHA homeowners an average of \$900 annually and spur 250,000 new homebuyers to purchase their first home over the next three years.

4. I've already been approved for an FHA-insured mortgage and have been assigned an FHA case number. How can I take advantage of the new rate?

FHA will permit lenders to cancel existing case numbers and assign new case numbers so borrowers who have yet to close on their loans may take advantage of the new premium reduction. The new case number must be assigned on or after January 26, 2015. Contact your lender for information regarding your case assignment and case cancellation and read [FHA's Mortgagee Letter](#).

5. I already have an FHA case number and will work with my lender to cancel it and have a new one assigned. But how might this impact my closing date or the 'lock-in period' for my interest rate?

Contact your lender for information regarding your case assignment and case cancellation and any impact this may have on your closing date or your rate lock.

6. I just closed on my mortgage. What should I do?

FHA's premium reduction takes effect for mortgages with case numbers assigned on or after January 26, 2015, and does not affect loans that have already closed. If you have closed your loan, you are not eligible for FHA's new premiums.

7. My closing date is scheduled for later this month. Can I take advantage of the lower premiums?

As indicated above, contact your lender regarding cancelling your FHA case number and getting a new case number assigned on or after January 26th. This process may impact your scheduled closing date.

8. I've had a FHA mortgage for years. Can I take advantage of these new lower premiums?

The change does not affect loans that have already closed. You may wish to contact an FHA-approved lender to determine if refinancing your existing loan makes sense for you.

9. If I change my case number, will FHA accept my appraisal or will I be required to get the property re-appraised?

FHA will permit use of your existing appraisal as part of the announced case cancellation process. Contact your lender for information regarding on your case assignment and case cancellation.

10. Are borrowers with FHA-insured reverse mortgages eligible for this premium reduction too?

No. The premium reduction will affect forward loans only. Mortgage insurance premiums for those with FHA-insured Home Equity Conversion Mortgages (HECMs) remain unchanged.

11. I intend to apply for an FHA-insured mortgage with a 15-year term. Are FHA's new reduced annual premium rates available for me?

No. FHA's new premiums only apply for mortgages with loan terms of greater than 15 years. Annual premiums for FHA-insured mortgages with terms of 15 years or less remain unchanged.